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Purchase of Brooke on Pine, Strawberry board agenda

By Max Foster

July 29, 2008

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The volatile issue of the impending purchase of the Pine and Strawberry Water Companies headlines the Pine Strawberry Water Improvement District board meeting agenda for this evening, July 29.

The hastily called special meeting is scheduled to begin at 7 p.m. in the Pine Cultural Hall.

To be discussed are any changes in the \$2.17 million purchase price PSWID has offered Brooke Utilities, the holding company for the Pine and Strawberry water companies. The board is expected to also approve giving notice to Brooke Utilities president Robert Hardcastle that PSWID representatives will soon be on Pine and Strawberry Water Company lands to inspect and value infrastructure.

The Phoenix firm of Coe and Van Loo did a valuation of the two companies a month ago but their engineers did not go on company land.

"We asked for permission to do so but we never received an answer," board secretary Richard Dickinson said.

After receiving Coe and Van Loo's appraisal, the board extended the \$2.17 million offer to Hardcastle who had until July 25 to accept, reject or counter it.

Reportedly, Hardcastle has sent his response to the board's attorney and it could be discussed at tonight's meeting, possibly in executive session.

Hardcastle spokesperson Myndi Brogdon would not say what the response was.

"Unfortunately their attorney invoked confidentiality so we cannot openly talk about it," she said.

Pine Strawberry Water Board member Tom Weeks said he expects an issue at the meeting will be the purchase price of the two rural water companies as "going businesses." Which would mean the board could leave its earlier offer on the table, increase the bid or lower it.

Board members might find some cause for lowering the price because the consulting firm of Coe & Van Loo told the board that one company barely broke even in 2007, the other lost \$150,000 and the infrastructure of both is in disrepair.

Brogdon denied that accusation saying, "our system is tight, works and is providing the most water possible to our customers."

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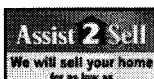
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Brogdon also claims the water loss rate for the two companies is only 7 percent when the national average is 15 to 20 percent.

Among those who would refute Brogdon's claim are Mike and Erin Roggenstein who own a home on North Road.

Pointing to a puddle of water in his side yard, Mike Roggenstein said he reported the water leak to Brooke Utilities three months ago and no repair has been done.

His wife said, "When nothing was done, I called and all I was told was they (Brooke Utilities) were aware of the leak."

Also, this reporter did a visual inspection of water lines around Pine and found at least four examples of pipes lying above ground and exposed including one over Pine Creek just southwest of the Pine Creek RV Park.

Others were found just off North Road and on Mogollon Vista.

If Hardcastle and PSWID can't come to a purchase agreement, the district has indicated it will begin condemnation proceedings against Brooke Utilities.

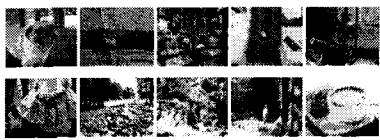
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